

## Message Text

LIMITED OFFICIAL USE

PAGE 01 STOCKH 03632 01 OF 02 301607Z

ACTION COME-00

INFO OCT-01 EUR-12 IO-13 ISO-00 AID-05 CEA-01 CIAE-00

EB-08 FRB-03 INR-07 NSAE-00 SP-02 STR-04 TRSE-00

LAB-04 SIL-01 OMB-01 L-03 AGRE-00 ITC-01 /066 W

-----115062 301705Z /46

R 301321Z AUG 77

FM AMEMBASSY STOCKHOLM

TO SECSTATE WASHDC 1499

INFO USMISSION GENEVA

LIMITED OFFICIAL USE SECTION 1 OF 2 STOCKHOLM 3632

USMTN

E.O. 11652: N/A

TAGS: ETRD, EFTA, XG, SW

SUBJECT: PUBLIC SUPPLY PROCUREMENT IN EFTA

REF: (A) STATE A-3063, (B) STOCKHOLM 3372

1. EMBOFF DISCUSSED QUESTIONS IN REF A WITH MRS. BLIX, MFA  
OFFICIAL RESPONSIBLE FOR EFTA QUESTIONS, AND MR. JOHANSSON, OF  
PUBLIC PROCUREMENT DIVISION, MINISTRY OF BUDGET. THEIR ANSWERS  
TO QUESTIONS POSED FOLLOW:

A) YES, PUBLIC PROCUREMENT HAS BEEN MORE FAIR AND OPEN UNDER  
EFTA GUIDELINES. NO SPECIFICS.

B) SWEDEN MADE NO CHANGES IN ITS PROCUREMENT PRACTICES AND  
POLICIES BECAUSE PROCUREMENT HAD FOR MANY YEARS BEEN SOLELY ON  
BASIS OF COMMERCIAL COMPETITION. SWEDISH LAW CALLED FOR ALL  
BIDS TO BE TREATED EQUALLY AND DECIDED SOLELY ON THE MERITS  
OF EACH BID, WITHOUT REFERENCE TO NATIONAL ORIGIN. DEVIATION  
FROM SUCH PRACTICE REQUIRES PERMISSION OF GOVERNMENT, WHETHER  
OR NOT COUNTRY INVOLVED IS EFTA MEMBER. OF COURSE, IN  
THE EVENT THAT GOVERNMENT PERMISSION FOR DISCRIMINATION  
IN FAVOR OF A SWEDISH FIRM WERE REQUESTED EFTA FIRMS

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 STOCKH 03632 01 OF 02 301607Z

WOULD HAVE THE ADVANTAGE OF AN EXISTING AGREEMENT  
UNDER WHICH THEIR HOST COUNTRY COULD MAKE APPEAL TO  
SWEDISH GOVERNMENT.

C AND D) NO STATISTIC ARE AVAILABLE. FREQUENT  
CONSULTATION WITH INDUSTRY DOES ENCOURAGE OFFICIALS WE  
TALKED WITH TO BELIEVE ACCESS BY SWEDISH FIRMS TO EFTA  
PUBLIC PROCUREMENT MARKET HAS INCREASED. BECAUSE OF

OPEN SWEDISH SYSTEM WHICH PREDATED EFTA GUIDELINES, NO INCREASE IN SWEDISH PROCUREMENT CAN BE ATTRIBUTED TO GUIDELINES.

E) NO EFFORTS HAVE BEEN MADE TO ALERT EFTA SUPPLIERS TO SWEDISH PURCHASING PLANS BEYOND EXISTING PUBLIC ANNOUNCEMENT PRACTICES. TO DO SO WOULD IN EFFECT DISCRIMINATE AGAINST NON-EFTA SUPPLIERS, WHICH WOULD VIOLATE SWEDISH REGULATIONS. SWEDES BELIEVE ALL EFTA MEMBERS FIND PUBLIC ANNOUNCEMENTS TO BE MORE THAN SATISFACTORY.

F) WITH MINOR EXCEPTIONS ALL DOCUMENTS SUBMITTED AS BIDS IN RESPONSE TO GOVERNMENT TENDERS BECOME PART OF PUBLIC RECORD AND ARE AVAILABLE TO FIRMS WHICH SUBMITTED LOSING BIDS. NO KNOWN INSTANCES OF ALLEGATIONS OF LACK OF FAIRNESS. NO CHANGE HAS BEEN MADE IN SWEDISH PRACTICE (SAME APPLIES TO EX-ANTE INFO).

G) PURCHASES FOR NATIONAL SECURITY AND PURCHASES RELATED TO HEALTH OR MEDICAL TREATMENT WERE EXCLUDED FROM EFTA GUIDELINES, SO CANNOT BE INCLUDED IN DEROGATIONS. ONLY ONE EXAMPLE OF POSSIBLE DEROGATION HAS COME UP REGARDING SWEDEN. THIS WAS CONCERNED WITH SWEDISH PRACTICE OF BRINGING FORWARD CERTAIN PUBLIC PROJECTS AS COUNTERCYCLICAL DEVICE TO STIMULATE ECONOMY. HOWEVER, SWEDISH PRACTICE HAS BEEN THAT BIDS ARE STILL TREATED IMPARTIALLY. IF NON-SWEDISH BIDDER WINS, PROJECT IS SIMPLY NOT BROUGHT FORWARD, BUT CARRIED LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 STOCKH 03632 01 OF 02 301607Z

OUT ACCORDING TO ORIGINAL TIME SCHEDULE. PRACTICE HAS BEEN DISCUSSED IN EFTA TRADE COMMITTEE WITHOUT, ACCORDING TO THE SWEDES, ANY RESIDUE OF HARD FEELINGS AMONG OTHER EFTA MEMBERS. SUCH PROJECTS TEND TO BE IN CONSTRUCTION AREA; NO OTHER INFORMATION AVAILABLE RE PRODUCT. (COMMENT: IN DIFFERENT CONTEXT WE HAVE UNDERSTOOD FEW PROJECTS HAVE EVER ACTUALLY BEEN BROUGHT FORWARD.)

H) OTHER THAN STANDARD PROVISIONS FOR APPEAL OF CONTRACT AWARD (MINISTRY INVOLVED, BUDGET MINISTRY, CHANCELLOR OF JUSTICE, NATIONAL AUDIT BUREAU), SUPPLIER CLAIMING DISCRIMINATION COULD INITIATE BILATERAL CONSULTATIONS BETWEEN HOST COUNTRY AND SWEDEN. IF BILATERAL CONSULTATIONS FAIL, MATTER CAN BE TAKEN UP BY EFTA TRADE COMMITTEE. NO FORMAL COMPLAINTS HAVE BEEN MADE BY OR AGAINST SWEDEN.

I) NO EFFORTS HAVE BEEN MADE TO ESTABLISH SURVEILLANCE MACHINERY. REMAINDER OF QUESTION ANSWERED UNDER (H).

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 STOCKH 03632 02 OF 02 301426Z

ACTION COME-00

INFO OCT-01 EUR-12 IO-13 ISO-00 AID-05 CEA-01 CIAE-00

EB-08 FRB-03 INR-07 NSAE-00 SP-02 STR-04 TRSE-00

LAB-04 SIL-01 OMB-01 AGRE-00 L-03 ITC-01 /066 W

-----113655 301704Z /46

R 301321Z AUG 77

FM AMEMBASSY STOCKHOLM

TO SECSTATE WASHDC 1500

INFO USMISSION GENEVA

LIMITED OFFICIAL USE SECTION 2 OF 2 STOCKHOLM 3632

USMTN

2. EMBOFF QUERIED SWEDES AS TO APPLICABILITY OF EFTA EXPERIENCE TO REST OF WORLD. IF AGREEMENT HAS WORKED WITHOUT SURVEILLANCE HOW MUCH IS SUCCESS DUE TO RELATIVE HOMOGENEITY, SIMILARITY IN SIZE AND EXISTANCE OF FREE TRADE AGREEMENT? SWEDES READILY AGREED THAT EFTA PROVIDES ITS OWN INCENTIVE FOR COMPLIANCE WITH GUIDELINES WHICH HELP ELIMINATE NEED FOR SURVEILLANCE AND/OR ENFORCEMENT PROCEDURES. EMBOFF ALSO ASKED WHETHER SWEDES HAD NOTICED ANY SHIFT IN PROCUREMENT, E.G., IN FAVOR OF OTHER EFTA MEMBERS AT EXPENSE OF NON-EFTA SUPPLIERS. ANSWER WAS THAT SWEDES MAY HAVE GAINED SOMEWHAT IN EFTA MARKETS, BUT, ONCE AGAIN, ABSOLUTELY NO DATA AVAILABLE TO SUPPORT THAT BELIEF. SWEDES ARE CONVINCED THAT THEIR OWN REGULATIONS PROVIDE ABSOLUTELY NO MEANS BY WHICH EFTA SUPPLIERS WOULD GAIN ADVANTAGE OVER NON-EFTA MEMBERS. EMBASSY EXPERIENCE WITH PUBLIC PROCUREMENT PRACTICES OF SWEDISH GOVERNMENT CORROBORATES CLAIMS OF OPENNESS AND FAIRNESS TO ALL BIDDERS.

3. WE ARE NOT QUITE SURE WHAT THIS QUERY WAS INTENDED  
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 STOCKH 03632 02 OF 02 301426Z

TO PRODUCE OR WHY WASHINGTON WISHED TO GO INTO THE QUESTION AT THIS TIME. SWEDES WERE MOST PERPLEXED AND WILL BE SURE TO SPEND

CONSIDERABLE TIME SEARCHING FOR UNDERLYING MOTIVES AND  
IMPLICATIONS FOR FUTURE US POLICY. MRS. BLIX CON-  
FESSED SHE REALLY COULD NOT SEE A REASON FOR SUCH  
"HEAVY" QUESTIONS, SUCH INFORMATION AS IS AVAILABLE  
COULD READILY HAVE BEEN OBTAINED DIRECTLY FROM EFTA  
SOURCES. JOHANSSON VOLUNTEERED OPINION THAT US IS  
SEEKING MATERIAL FOR USE IN MTN, THEN WENT ON TO  
CRITICIZE "US-CANADIAN ACTION IN BRINGING PUBLIC PRO-  
CUREMENT INTO MTN AREA."  
PERRY

LIMITED OFFICIAL USE

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PROCUREMENT, REPORTS, DATA  
**Control Number:** n/a  
**Copy:** SINGLE  
**Sent Date:** 30-Aug-1977 12:00:00 am  
**Decaption Date:** 01-Jan-1960 12:00:00 am  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1977STOCKH03632  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D770313-0580  
**Format:** TEL  
**From:** STOCKHOLM  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1977/newtext/t1977086/aaaaaeuu.tel  
**Line Count:** 180  
**Litigation Code IDs:**  
**Litigation Codes:**  
**Litigation History:**  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Message ID:** 0616635a-c288-dd11-92da-001cc4696bcc  
**Office:** ACTION COME  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 4  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 77 STATE A-3063, 77 STOCKHOLM 3372  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
**Review Date:** 02-Mar-2005 12:00:00 am  
**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 1596368  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** PUBLIC SUPPLY PROCUREMENT IN EFTA  
**TAGS:** ETRD, XG, SW, US, EFTA  
**To:** STATE USMTN  
**Type:** TE  
**vdkgvwkey:** odbc://SAS/SAS.dbo.SAS\_Docs/0616635a-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009